



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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MARIA M. OMS  
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ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO

April 6, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **GANN LETTER**

Per Article XIIIB of the State Constitution, the annual calculation of the appropriations (spending) limits under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limits review was performed by our external auditors, Macias Gini & O'Connell LLP. We are attaching a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2008. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Sandy Yoshima at (213) 974-8326.

WLW:JN:CY:sy

Administration\GANN Transmittal FY 2008

Attachment

c: William T Fujioka, Chief Executive Officer  
Sachi A. Hamai, Executive Officer of the BOS  
Judy Hammond, Public Information Office

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*"To Enrich Lives Through Effective and Caring Service"*

**COUNTY OF LOS ANGELES**

Independent Accountant's Report on Applying  
Agreed-Upon Procedures for  
Appropriations Limit Calculation

For the year ended June 30, 2008



**MACIAS GINI & O'CONNELL LLP**  
Certified Public Accountants & Management Consultants

LOS ANGELES  
515 S. Figueroa Street, Suite 325  
Los Angeles, CA 90071  
213.286.6400

SACRAMENTO

OAKLAND

WALNUT CREEK

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California, (County) for the year ended June 30, 2008. These procedures, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedure Guidelines for California Counties*), were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The County's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment, and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

5. We compared the amount for the City of Santa Clarita annexation adjustment to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the members of the Board of Supervisors and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Fini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
January 28, 2009

**COUNTY OF LOS ANGELES  
Appropriations Limit Worksheet  
For the year ended June 30, 2008**

**Countywide**

Appropriations limit, fiscal year 2006/2007	\$12,153,581,580
Net annexation adjustments	<u>(442,424)</u>
Subtotal	12,153,139,156
Adjustment factors:	
Population growth	1.0105
CPCPI %	<u>x 1.0442</u>
Total adjustment factor	1.0551641
Annual adjustment in dollars	670,416,984
Appropriations limit, fiscal year 2007/2008	<u>\$12,823,556,140</u>

**Special Districts**

Appropriations limit, fiscal year 2006/2007	\$1,272,402,987
Adjustment factors:	
Population growth	1.0084
CPCPI %	<u>x 1.0442</u>
Total adjustment factor	1.05297128
Annual adjustment in dollars	67,400,815
Appropriations limit, fiscal year 2007/2008	<u>\$1,339,803,802</u>

**Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts**

Appropriations limit, fiscal year 2006/2007	\$1,608,241
Adjustment factors:	
Population growth	1.0084
CPCPI %	<u>x 1.0442</u>
Total adjustment factor	1.05297128
Annual adjustment in dollars	85,191
Appropriations limit, fiscal year 2007/2008	<u>\$1,693,432</u>

**COUNTY OF LOS ANGELES**  
**Notes to Appropriations Limit Worksheet**  
**For the year ended June 30, 2008**

**(1) 2006-07 Appropriations Limit Adjustments**

The Countywide adjustment of \$442,387 was made to the previously reported 2006-07 Appropriations Limit. This property tax revenue transfer to the City of Santa Clarita from County of Los Angeles (County) of \$442,145 and property tax revenue transfer to the City of Hawthorne from the County of \$242 represent the valuation of certain parcels within the proposed annexation areas that are not subject to tax-exempt status under the Revenue and Taxation Code.

A Countywide adjustment was made to correct a rounding variance that occurred in the fiscal year 2005-06 Independent Accountants' Report on Applying Agreed-Upon Procedures GANN Letter. The impact of this immaterial adjustment reduced the fiscal year 2007-08 calculated limit by \$37.

**(2) Adjustment Factors**

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2008. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County of the Los Angeles. The population factor for each of the special districts is based solely on the change in population within the County of Los Angeles, and the County of Los Angeles and each special district governed by the Board of Supervisors of the County of Los Angeles chooses to use the percentage change in California Per Capital Personal Income (CPCPI) percentage, provided by the Office of Assessor. Such factors are as follows:

Countywide:

Population Growth		1.0105
CPCPI%	x	1.0442
Adjustment Factor		<u><u>1.0551641</u></u>

Special Districts:

Population Growth		1.0084
CPCPI%	x	1.0442
Adjustment Factor		<u><u>1.05297128</u></u>

**COUNTY OF LOS ANGELES**  
**Notes to Appropriations Limit Worksheet**  
**For the year ended June 30, 2008**

Calabasas and Malibu Lighting Districts and  
Malibu Garbage Disposal Districts:

Population Growth		1.0084
CPCPI%	<u>x</u>	<u>1.0442</u>
Adjustment Factor		<u><u>1.05297128</u></u>

**(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts**

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas would only exceed their Appropriations Limit if the County exceeded its Appropriations Limit.